

assignee be 93, the purchaser must sell the stock back at the lower figure and become a creditor on the bankrupt estate for the 2 per cent; and similarly, if the defaulter had bought stock and the respective prices were those just stated, the seller must buy back the stock at 93 and transfer the difference to the estate.

I have been induced to describe the preceding modes of procedure, not so much on account of the mechanical or intrinsically valuable knowledge conveyed to the investor, as for the more important purpose of showing that no speculative bargains, however extensive and ruinous, consist simply of book entries —of mere payments or receipts of differences ; but that according to the constitution of the Stock Exchange all transactions, whether for genuine investment or based solely upon the calculated or guessed chances of the future, are *real* contracts involving the acceptance and delivery of the ultimate actual stocks and shares purchased and sold. The process of carrying over is in reality, as I have stated, the creation of new and equally real bargains of a contrary nature to that of the bargains which they replace. Hence the practical lesson in connection with the variations of the values of all securities is, that every transaction of this character produces the same effect upon the actual market prices of the stocks and shares in which they occur as that which would result had every speculative bargain of purchase and sale been a genuine investing operation of the outside investor. The object of the speculator may be a mere grasp of profit as soon as it appears, based upon skilful calculation of chances or upon simple guesswork; no intention may be his to secure a source from which a permanent income may be derived; but, since the entire course of the speculation, far from being the mere receipt or discharge of " differences " of value, is founded upon actual transactions, the result upon prices generally is definite and real.

Thus the significant knowledge for the public to recognise—since it will prove of service when fluctuations of prices originate in speculative causes—is the fact that no depreciation, especially of any permanent duration, in the intrinsic worth of the securities which they hold, has been produced. Although it is clear and certain that purely speculative transactions as really